

CITY OF MORGAN HILL

URBAN LIMIT LINE / GREENBELT STUDY

DRAFT

FINAL ADVISORY COMMITTEE REPORT

Approved by the Advisory Committee on January 20, 2005 for City Council Review

URBAN LIMIT LINE STUDY ADVISORY COMMITTEE

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DEDICATION

The Committee's Report is dedicated to the memory of Robert Engles, Planning Commissioner and Member of the Committee

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URBAN LIMIT LINE/GREENBELT STUDY

EXECUTIVE SUMMARY

BASIS FOR THE STUDY

In July 2001, the Morgan Hill City Council completed a major update of the City's General Plan. The new Morgan Hill General Plan includes Goals, Policies and Actions that led the City to undertake the Urban Limit Line/Greenbelt Study. The City Council identified the Study as a high General Plan implementation priority.

THE URBAN LIMIT LINE ADVISORY COMMITTEE

In early 2003, the City Council appointed a 16 person Citizen's Advisory Committee to undertake the Study. The Committee met 23 times between March 2003 and January 2005 resulting in the findings and recommendations in the Draft Final Report.

THE URBAN LIMIT LINE/GREENBELT STUDY MAP

A series of maps in the Draft Final Report, as well as the map on the final page of the Executive Summary, identify the location of the recommended Urban Limit Line and Greenbelt as well as specific areas discussed in the Draft Final Report.

THE URBAN LIMIT LINE

The proposed Urban Limit Line (ULL) represents the ultimate limits of City growth. The purpose of an ULL is to encourage more efficient growth patterns, minimize public costs, and protect environmental resources. Some, but not all, of the land outside the ULL has been designated as Greenbelt. There is no timeline for adding unincorporated land that is inside the ULL to the City. Some unincorporated land may not be added to the City for more than three decades.

In most areas, the recommended Urban Limit Line closely follows the existing Urban Growth Boundary (UGB). Four notable exceptions are:

- The unincorporated area between the Madrone Business Park and Burnett Avenue.
- The Diana/Main/Half/Hill Road area: west of Hill Road, the ULL would include land between Diana Avenue and Half Road that is currently outside the UGB. The residential area east of Hill Road is also included within the ULL based on desires for eventual control of land use issues in this area by the City.
- Edmundson/DeWitt/Sunset Area: the UGB would be expanded to include a maximum of twenty acres west of Sunset Road. The land, which would be designated Low Density Single Family Residential, would have a slope of 10 percent or less. In exchange for having the twenty acres receive an urban land use designation, the property owner would be required to record open space easements over 82 acres of visually prominent hillside land.

- The southern part of the Sphere of Influence east of Highway 101 (Southeast Quadrant): the valley floor east of Highway 101 between San Pedro Avenue on the north, Maple Avenue on the south and Carey Road on the east is called the Southeast Quadrant. In this area, the ULL is not identified between Foothill Avenue and Highway 101. Resolving the location of the ULL in this area would be part of the recommended Southeast Quadrant Area Plan.

THE GREENBELT

The purpose of the Greenbelt is to help physically define the City and separate it from San Jose and San Martin. The Greenbelt includes public open space and private properties that have importance for one or more environmental reasons including visual prominence, earthquake hazard-related limitations and steep slopes. Areas having numerous parcels smaller than 10 acres were not included in the Greenbelt. The Greenbelt designation is intended to be permanent.

The Advisory Committee included within the Greenbelt the most visually prominent hillside areas, as viewed from the valley floor. Edges of several Greenbelt areas are at elevations that reflect the beginning of hillside environments.

Designation as Greenbelt does not change the development potential or restrictions imposed under Santa Clara County development policies and regulations. Land uses would continue to be agriculture, limited new residential uses, parks and other open space with minimal improvements. The City would work with the County to minimize off site visual impacts of new development.

The Greenbelt would include:

- San Jose's Coyote Valley Greenbelt, the Baird Ranch and the County's Coyote Creek Park chain to the north of the City.
- The foothills on the eastern and western sides of the valley, including El Toro.
- The western side of El Toro and foothills on the western side of Paradise Valley.
- The hill and surrounding land in the area bounded by Edmondson, DeWitt and Sunset Avenues.
- The hill south of Edmundson Avenue and north of Sycamore Avenue.
- Silveira Park and the adjacent City-owned land along Llagas Creek.

THE SOUTHEAST QUADRANT

The Southeast Quadrant is the 1250-acre area bounded by San Pedro Avenue on the north, Highway 101 on the west, Maple Avenue on the south and Carey Road on the east. The Advisory Committee concluded that there is an urgent need for the City, in cooperation with property owners and Santa Clara County, to address longer-term land use planning for the Quadrant. The vision is that the Quadrant can, with appropriate planning, be an area that provides urban land uses while also enhancing its rural ambience.

The Committee recommends preparation of a Southeast Quadrant Area Plan. The Plan would address future land uses in the area and establish the Urban Limit Line. The Committee recommends that the Area Plan use the following land use allocation for the 1250 acres in the Quadrant:

- Industrial/Business Park: 200 +/- acres
- Commercial: 45 +/- acres
- Large Lot Residential (existing): 130 acres
- Parks, trails, creek corridors and scenic setbacks: 375 to 500 +/- acres
- Varying residential densities: 375 to 500 +/- acres

IMPLEMENTATION OF THE STUDY

Implementation of the Urban Limit Line Study will necessitate a variety of actions including:

- Amendments to the City's General Plan including modified Policies and Actions and adding the Urban Limit Line and Greenbelt.
- Amendments to the Urban Growth Boundary including adjustments to have the UGB be consistent with the City's open space planning, removing a parcel on Water Avenue that would be very difficult to provide with sanitary sewer service and adding the 20-acre residential area west of Sunset Avenue.
- Working with Santa Clara County on modification of development review policies and procedures to minimize the visual impacts of future development in hillside areas.
- Developing a Greenbelt implementation program.
- Undertaking a series of tasks addressing the Southeast Quadrant including planning for and preparing an Area Plan.

INTRODUCTION

BASIS FOR THE STUDY

In July 2001, the Morgan Hill City Council completed a major update of the City's General Plan. The new Morgan Hill General Plan includes Goals, Policies and Actions that led the City to undertake the Urban Limit Line/Greenbelt Study. Several of the more specific and directive statements include:

- Goal 2: "A stable, long-term city boundary reinforced by a greenbelt."
- Policy 2a: Establish a greenbelt to demarcate the urbanized area of the City from surrounding non-urbanized lands.
- Policy 2c: Greenbelt should define the urban area of Morgan Hill from adjacent cities. The northern and southern boundaries of the City shall be defined by greenbelts to maintain community identity.
- Action 2.1: Work with the County and San Jose to develop a plan for a greenbelt along the expected edge of the urbanized area of the City within two years of adoption of this General Plan action.
- Action 2.2: The Greenbelt Plan shall include a comprehensive planning effort to evaluate appropriate land uses in the rural County areas surrounding the City. The Plan shall specifically evaluate the potential for an industrial park southeast of the Tennant Avenue/Highway 101 interchange.
- Action 2.12 The Greenbelt plan shall include an evaluation of the prominent hillsides bounded by Edmundson Avenue, DeWitt Avenue, Spring Street and DelMonte/Sunset Drive and properties on the eastern face of El Toro and include strategies for the preservation of these important visual resources.

FORMULATION OF THE STUDY

Undertaking the Study meant contracting with technical resources and appointment of a Citizen's Advisory Committee. In January 2003, the City contracted with a consultant team led by Moore Iacofano Goltsman to provide technical assistance. The City Council solicited applications for an Urban Limit Line Study Advisory Committee and in early 2003, appointed 16 members and one alternate.

The Advisory Committee met 23 times between March 2003 and January 2005. Committee meetings were well attended by the public with seldom less than ten people in attendance and often more than twenty-five people observing the meetings and providing comments on specific issues. Study issues were also discussed at

periodic City Council meetings. In addition, two community workshops were held to obtain further information and reactions before adopting a final set of recommendations.

Following completion of the Advisory Committee's work, the recommendations will receive an additional City Council review prior beginning the required environmental review. Following completion of the environmental review, the Study will be reviewed by the City's Planning Commission and approved by the City Council. It is also anticipated that the Santa Clara County Planning Commission and Board of Supervisor's will review the final document.

DEVELOPMENT OF THE RECOMMENDED PLAN

THE PURPOSES AND VISION OF THE PLAN

The purposes of the Urban Limit Line/Greenbelt Plan are to:

- Address General Plan goals and policies that identify establishment of Greenbelt areas as an important strategy for maintaining the physical distinctness of Morgan Hill including separating the City from San Jose and San Martin and preserving hillside areas;
- Identify key elements of implementing a program for preservation of Greenbelt areas through public acquisition of land in fee title for park and other open space uses, acquisition of easements that limit future uses to non-urban activities conducted in a way that achieves the objectives of the Greenbelt and use of regulations that will minimize visual and other impacts of development; and
- Provide long term guidance for the City, Santa Clara County and owners of property regarding land uses within the unincorporated portions of the City's Sphere of Influence.

The Advisory Committee's work included development of the following Vision to guide their recommendations.

Vision: A thriving city separated from neighboring communities by the natural features which define its rural character and make it a special place. The urban fabric of the city transitions through decreasing densities of residential development, to farm lands and open space. Creeks, wildlife and other natural treasures are interspersed, accessible and preserved within this area. Golden, oak studded hillsides remain in their natural state. Your view of these and other places lies unimpeded. It is Morgan Hill.

DEFINITIONS USED IN PLAN DEVELOPMENT

The Advisory Committee's work involved use of six terms that address some of the land in or outside the City. Many of the areas described by these definitions are shown on Map 1.

- Sphere of Influence (SOI)

In Santa Clara County, the SOI is the area covered by a city's general plan. In state law, the SOI is defined as the probable ultimate physical boundary and service area of the city. However, in Santa Clara County, there is no assumption that unincorporated land within the SOI is intended for future incorporation into the city. The SOI

provides cities with the opportunity to review referrals for certain development proposals submitted to Santa Clara County for parcels in unincorporated areas for consistency with the land use policies outlined in the city's general plan. Planning within a sphere of influence is in a number of ways a cooperative effort between the city and county. Cities may not annex land that is outside its SOI.

- City Limit

The City Limit is the boundary of land that is part of the incorporated territory of the City. The use of land within the City Limits is controlled by the City of Morgan Hill through its general plan, zoning, land subdivision and related regulations. Santa Clara County controls use of land that is inside the Sphere of Influence and outside the City limit.

- Urban Service Area (USA)

The USA includes both land within the City and adjacent unincorporated land that the City intends to annex and provide with public services. The location of the USA boundary may be amended as needed over time to allow annexation of lands deemed necessary to accommodate projected urban growth. The Urban Service Area boundary is adopted by the Santa Clara County's Local Agency Formation Commission (LAFCO). LAFCO has ultimate authority over USA boundary changes.

- Urban Growth Boundary (UGB)

The Morgan Hill and Santa Clara County General Plans define the area within the UGB as the land that is appropriate for and likely to be needed for urban purposes within the next 20 years.

In 1996, the Morgan Hill City Council adopted an UGB, which differentiates land within the SOI intended for future urbanization from land intended to remain rural and unincorporated for at least the next 20 years. The Morgan Hill General Plan allows adjustment of the UGB at the time of a major General Plan update, assumed to occur approximately every ten years, or as part of the Urban Limit Line/Greenbelt Study. Prior to urbanization, rural uses, including farming, are encouraged on land inside the UGB but outside the City Limits. Agricultural, open space and low to very low-density residential uses are the primary uses intended for lands outside of the UGB. The UGB is intended to provide greater stability of future land use patterns than is currently provided by the existing "short term" USA boundaries.

The location of the UGB is solely a City decision; it is not reviewed or adopted by LAFCO.

- Urban Limit Line

The Urban Limit Line (ULL) separates urban and future urban areas from rural areas. The ULL is a longer-term version of the Urban Growth Boundary (UGB) and is intended to be permanent. The purpose of an ULL is to encourage more efficient growth patterns, minimize public costs, and protect environmental resources. Some, but not all, of the land outside the ULL has been designated as Greenbelt.

- Greenbelt

The purpose of areas designated Greenbelt is to help physically define the City and focus efforts to minimize the impacts of rural development. The Greenbelt includes public open space and private properties that have importance for one or more environmental reasons including visual prominence, earthquake hazard-related limitations and steep slopes. The Greenbelt areas are non-urban land around the City. The Greenbelt designation is intended to be permanent. Designation as Greenbelt does not change the development potential or restrictions imposed under Santa Clara County development policies and regulations. In the Valley floor east of Highway 101 and south of San Pedro, the aims of the Greenbelt will be achieved through visual corridors, parks, hiking and bicycle trails and other open areas.

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URBAN LIMIT LINE PRINCIPLES

The objective of the Urban Limit Line (ULL) is to identify the ultimate limit of City urbanization. The Advisory Committee identified eight principles that it used to establish the location of the Urban Limit Line:

- The Urban Limit Line should be considered the ultimate limit of urban development for the City of Morgan Hill.
- The Urban Limit Line should be continuous around the City of Morgan Hill.
- The Urban Limit Line should follow roads, parcel lines or other clear indicators in order to minimize confusion over the Line's location.
- The Urban Limit Line should be located outside or coterminous with the City's Urban Growth Boundary.
- Establishment of the Urban Limit Line will not change the Morgan Hill General Plan policies for amendment of the Urban Growth Boundary.
- The Urban Limit Line may be located within the City Limits in order to include a Park or other City designated Open Space land within the Greenbelt.
- In locating the Urban Limit Line, similar areas (development pattern, land use, and topography) should be treated in a consistent fashion unless geography/physical conditions and/or City policy warrant different treatment.
- If new "feathering" from higher urban densities to lower rural densities is to occur at the edges of the Urban Limit Line to help provide a buffer between urban areas and non-urban areas, the feathering should occur within the City limits. Specific areas within which feathering is to occur should be identified in the Morgan Hill General Plan.

LOCATION OF THE URBAN LIMIT LINE

The Committee started with the northern part of the Sphere of Influence followed by the eastern and then western hillside areas. The last area to be focused on was the Southeast Quadrant. The location of the ULL is shown on Map 2.

In the northern part of the Sphere of Influence between Monterey Road and Highway 101, the development of Sobrato High School and the location of the City Limit led the Advisory Committee to conclude that the ULL should follow the Sphere of Influence. West of Monterey Road, the ULL follows the Urban Growth Boundary. Baird Ranch is excluded from the ULL both for topographical and environmental reasons and the site's existing County General Plan and zoning Ranchland designation. On either side of Hale Avenue, an area near the northern edge of the Sphere of Influence was placed outside the ULL because of the area's connection with San Jose's adjacent Coyote Valley Greenbelt.

In the area along the northern Sphere of Influence east of Highway 101, the ULL excludes land owned by Santa Clara County as well as an existing large lot residential area north of Vista de Lomas.

In the eastern Hillside areas north of Dunne Avenue, the ULL, except for the Kruse Ranch Lane property discussed later, is coterminous with the Greenbelt. The ULL and Greenbelt are established at the 460-foot elevation. This elevation coincides with the base of the foothills. The residential area east of Hill Road was included within the ULL based on desires for eventual control of land use issues in this area by the City.

South of Dunne Avenue, the ULL follows the City Limit around the Jackson Oaks subdivision and then Carey Road and Maple Avenue excluding hillside lands that are designated Open Space in the Morgan Hill General Plan.

The valley floor east of Highway 101 between San Pedro Avenue on the north, Maple Avenue on the south and Carey Road on the east is called the Southeast Quadrant (see Map 8). In the Southeast Quadrant, the ULL is not identified between Foothill Avenue and Highway 101. Resolution of the location of the ULL in this area will be part of the recommended Southeast Quadrant Area Plan, discussed later in this report.

West of Highway 101, the ULL follows the Urban Growth Boundary with several exceptions. An approximately 17 acre parcel west of Sunnyside Road and south of Watsonville Road was included within the ULL based on allowing future development consistent with adjacent unincorporated areas that have lots of five acres or less. In the Edmundson/DeWitt/Spring/Sunset area, the ULL follows a recommended amended Urban Growth Boundary that is intended to facilitate open space preservation of hillside areas. On the eastern flank of El Toro, the ULL follows the 500-foot contour that establishes Open Space designated land in the Morgan Hill General Plan.

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GREENBELT OBJECTIVES AND LOCATION PRINCIPLES

The Morgan Hill General Plan identifies three primary Greenbelt objectives.

- Establish a stable and long-term boundary around the City of Morgan Hill
- Maintain a separation between Morgan Hill and San Jose to the north and San Martin to the south
- Preserve hillside areas that are important visual resources for people living in and/or using sites on the valley floor.

The Advisory Committee used these objectives to identify initial Greenbelt location principles. Review of specific issues led the Committee to refine and expand their location principles. The Committee's Greenbelt location principles include:

- The Greenbelt should be located outside of the Urban Limit Line.
- Steep hillside areas and areas with other severe geologic or environmental constraints which are located outside of the ULL should be considered as Greenbelt areas.
- Land designated Open Space in the Morgan Hill General Plan and located on the fringe of the community should be considered as Greenbelt areas.
- Unincorporated areas with residential development on lots of less than 10 acres are not, except in unusual circumstances, to be considered candidates for inclusion in the Greenbelt.
- The boundary of the Greenbelt areas should be carefully delineated to follow roads, parcel lines and/or elevation contour lines, whenever possible.
- The City of San Jose's Coyote Valley Greenbelt is considered an appropriate separator/buffer between Morgan Hill and San Jose.

LOCATION OF THE GREENBELT

Areas designated by the Advisory Committee for Greenbelt use are shown on Map 2. The Advisory Committee concluded that there is not enough non-urban land in the northern portion of Morgan Hill's Sphere of Influence between Monterey Road and Highway 101 to provide for a Greenbelt. This conclusion was reinforced by the recent construction of Sobrato High School. Therefore, the separation between Morgan Hill and San Jose will primarily focus on maintaining San Jose's Coyote Valley Greenbelt.

East of Highway 101 at the northern limits of the City's sphere of influence, the County owns a significant amount of land. The land is part of the Coyote Creek Park and James Boys Ranch. Directly adjacent to these two open space areas is land within the city limits which is developed or zoned for urban uses. Given these

factors, the Advisory Committee recommends that the County-owned lands in this area serve as the Greenbelt.

At the southern end of the sphere of influence, west of Monterey Road, is located Silveira Park. This County-owned, City-operated park and adjacent land owned by the City were considered by the Advisory Committee to be an appropriate Greenbelt separator between Morgan Hill and San Martin in this portion of the City.

The hillside Greenbelt areas designated by the Advisory Committee are the most visually prominent, as viewed from the valley floor. The Committee located the edges of several Greenbelt areas at elevations that reflect the beginning of these hillside environments. These areas include the following:

- The El Toro Greenbelt should include land above the Open Space contours (500 feet on the east and 600 feet on other sides of El Toro) that are established in the Morgan Hill General Plan.
- East of Hill Road, the edge of the Greenbelt (and Urban Limit Line), on the western side of the foothills between Cochrane Road and Dunne Avenue, should include land at or above the 460-foot contour line.
- The Greenbelt on the western side of the foothills east of Foothill Avenue should include all the land east of Carey Road between the Jackson Oaks subdivision and Maple Avenue and, south of Maple Avenue, include the Institute of Mathematics golf course property.
- The Greenbelt on the western side of Paradise Valley should include land at or above the 490-foot elevation contour line.
- The Greenbelt for the hill area south of Edmundson Avenue and north of Sycamore Avenue should include land that is outside the current Urban Growth Boundary and at or above the 490-foot elevation contour line.

Establishing a Greenbelt between Morgan Hill and San Martin on the east side of Highway 101 presented the Advisory Committee with its most difficult problem. The historic subdivision of the area into 10-acre parcels, high land costs and the extended time until urban development is likely resulted in the development of an unconventional solution to creation of a buffer in this area. Details of the proposed plan for this area are identified in the Southeast Quadrant Area Recommendations section of this report.

SITE SPECIFIC ULL AND GREENBELT ISSUES

Boy's Ranch (see Map 3)

Santa Clara County owns the Boy's Ranch property located north of Malaguerra Avenue. The site is located inside the City Limits, Urban Growth Boundary and Urban Service Area and is served by City utilities. The site is designated Open Space in the Morgan Hill General Plan. The Advisory Committee recommends that the

Boy's Ranch and adjacent County park land be part of the Greenbelt. The Urban Growth Boundary would be amended to exclude the area north of Malaguerra Avenue. However, to minimize the potential for future confusion regarding utility service to the area, land north of Malaguerra Avenue should continue to be inside the Urban Service Area.

Peebles Avenue/Vista de Lomas Area (see Map 2)

Most of the unincorporated area north of Vista de Lomas between the intersections with Peebles Avenue and Burnett Avenue has been developed as residential on lots of about two and one-half acres in size. Adjacent to the residential area are several sites that have between five and somewhat more than ten acres. These sites cannot be further subdivided under Santa Clara County regulations. These larger parcels are inside the recommended Urban Limit Line. The Advisory Committee's recommendation for the ULL is accompanied with a policy recommendation that future subdivision of the area be limited, under the Morgan Hill General Plan, to approximately two and one-half acre parcels consistent with the existing residential lot pattern for the area north of Vista de Lomas.

Kruse Ranch Lane Property (see Map 2)

The Kruse Ranch Lane property is a 40-acre site located in the eastern hills north of Dunne Avenue. Consistent with a 1991 agreement between the City and the Kruse family, the Advisory Committee recommends that the 40-acre site be located inside the Urban Limit Line. The Committee also recommends that the City adopt the following policy:

Future development of the forty-acre parcel on Kruse Ranch Lane north of Dunne Avenue should be located such that environmental impacts, including offsite visual impacts, are minimized. To the extent possible, future development should be clustered and located on the lower portion of the site.

El Toro (see Map 4)

The Committee recommends that Greenbelt areas on El Toro be consistent with the City's General Plan's open space policy that land located above the 500 foot elevation on the east and 600 foot elevation on other sides of El Toro be preserved in open space.

On the eastern flank of El Toro above the 500-foot contour, some sites are inside the Urban Growth Boundary (UGB) and Urban Service Area (USA), some sites are inside the UGB and outside the USA, and some sites are outside both boundaries. In order to make clear the City's intent for utility service to this area, it is recommended that the UGB be adjusted to be coterminous with the Urban Services Area and that the Urban Limit Line follow the UGB.

Silveria Park Area (see Map 5)

Santa Clara County-owned Silveria Park and adjacent land owned by the City of Morgan Hill are located in the southern edge of the City along Llagas Creek. The land is inside the City limits, Urban Growth Boundary (UGB) and Urban Service Area (USA) and designated Open Space in the City's General Plan. The Advisory Committee recommends that the area be designated Greenbelt with the provision that it be inside the Urban Limit Line and remain inside the UGB and USA. Retaining the UGB and USA boundaries will minimize the potential for future confusion regarding the urban services for the adjacent areas. The Advisory Committee also recommends amending existing General Plan Community Development Policy 3b to acknowledge the Greenbelt recommendation.

Edmundson/DeWitt/Sunset Area (see Map 6)

The General Plan includes the provision (Open Space and Conservation Action 2.12) that:

The Greenbelt plan shall include an evaluation of the prominent hillsides bounded by Edmundson Avenue, DeWitt Avenue, Spring Street and DelMonte/Sunset Drive and properties on the eastern face of El Toro and include strategies for the preservation of these important visual resources.

In this area, 117 acres, including some prominent hillsides, are under single ownership. The Advisory Committee had numerous discussions with representative of this property. In summary, the Committee recommends that 87 of the 117 acres have open space easements. Of the remaining 30 acres, 10 acres would be used for four housing sites off of Edmundson Road and 20 acres would be included within the Urban Growth Boundary with a Single Family Low land use designation.

The specific Advisory Committee recommendations are:

- Regarding the 42 acre area west of Sunset Road:
 - Amend the Urban Growth Boundary and locate the Urban Limit Line to include a maximum of 20 acres. All of the 20 acres must consist of land with a slope of 10 percent or less.
 - Require that the 20 acres be designated on the General Plan diagram Single Family Low, limiting development to a maximum of three units per acre.
 - Require that the 22 acres not included within the Urban Limit Line and Urban Growth Boundary remain undeveloped and have an open space easement recorded over it.
- Regarding the three parcels that have frontage on DeWitt, the total area of approximately 28 acres would have a recorded open space easement, and no houses would be allowed in this area.
- Regarding the four parcels that have frontage on Edmundson:

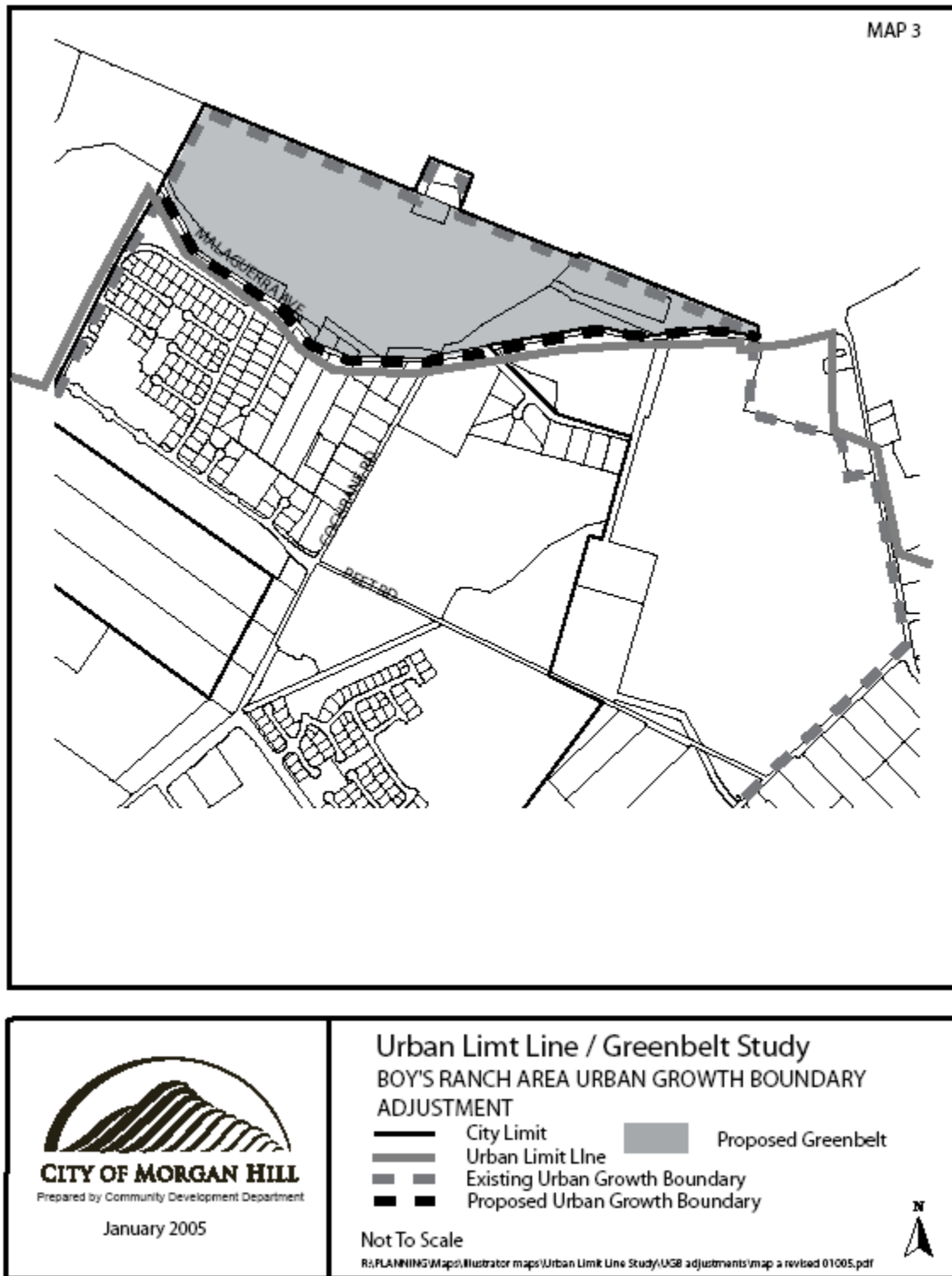
- Allow one house and accessory structure to be constructed on each of the parcels. These parcels have a combined area of approximately 47 acres.
 - Allow each of the two more westerly parcels to have two alternative sites on which houses and accessory structures could be built. All of these alternative sites are located on the north side of the knoll. All of these house sites are to be located in areas that are not visible from Edmundson Avenue. Only one of the two alternative sites could be used for each parcel.
 - Allow the houses and accessory structures on the two more easterly parcels to be sited near Edmundson Avenue. One of these houses would be located just easterly of the existing house (which would be demolished). The other would be located just west of the existing house.
 - Require that an open space easement would be recorded over approximately 80% of each of the four parcels (a combined 37 acres), protecting the knoll/ridge line and covering the entire Edmundson frontage of the two more westerly parcels.
 - Require access to the homes on the two more westerly parcels to be taken from DeWitt Avenue. Access from Edmundson for these two parcels could only be allowed if access from DeWitt is found to be infeasible by the City Planning Commission.
- Regarding open space easements:
 - Require that an agreement be developed which requires the owner, American Anchorpoint Academies, to record open space easements on its parcels, as provided above, within one year of the City Council's approval of the inclusion of the 20-acre area within the Urban Growth Boundary. Should the easements not be recorded within that time period or development occur prior to that time which is inconsistent with the intent of these recommendations, a hearing would be scheduled by the City Council to remove the 20-acre area from the Urban Growth Boundary.
 - Require that the open space easements placed on the parcels prohibit construction of structures and grading beyond that which is necessary for normal hillside agricultural operations. The easements would allow for agricultural operations typically found on hillsides such as grazing and viticulture.

LAND USES ALLOWED IN THE GREENBELT

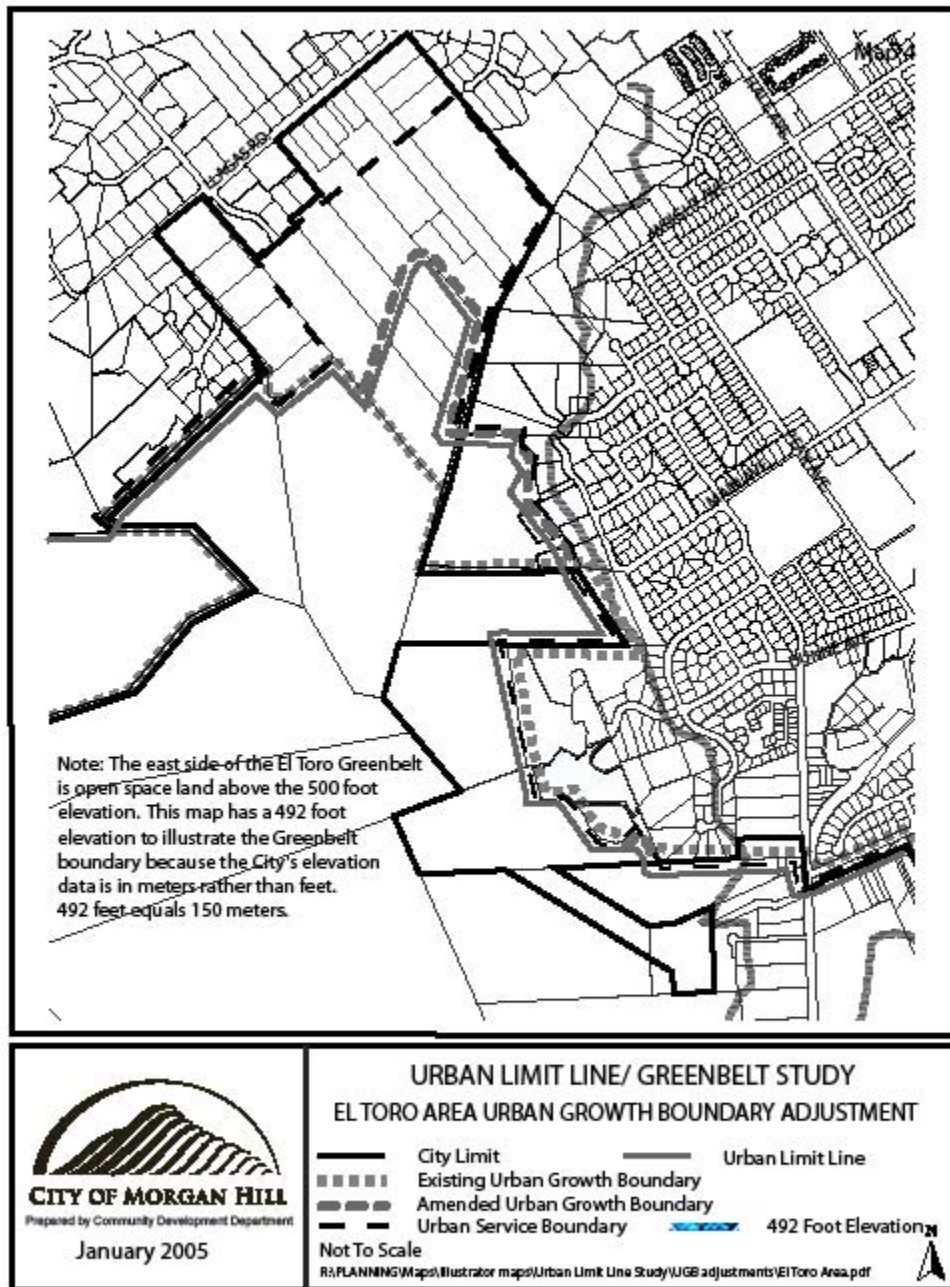
The Advisory Committee identified two principles related to use of land within Greenbelt areas.

- Within a greenbelt, parks and other designated open spaces, scenic/open space easements, golf courses, low intensity public facilities involving minimal permanent improvements and agricultural activities may be considered as appropriate uses. Existing residential uses would remain and new residential uses should be located and designed to have minimal visual and other environmental impacts.
- Within hillside Greenbelt areas, new development should be subject to a site and design review process that encourages minimizing environmental impacts including minimizing the amount of grading and encouraging location of structures in areas where they are not visible or least visible from the valley floor.

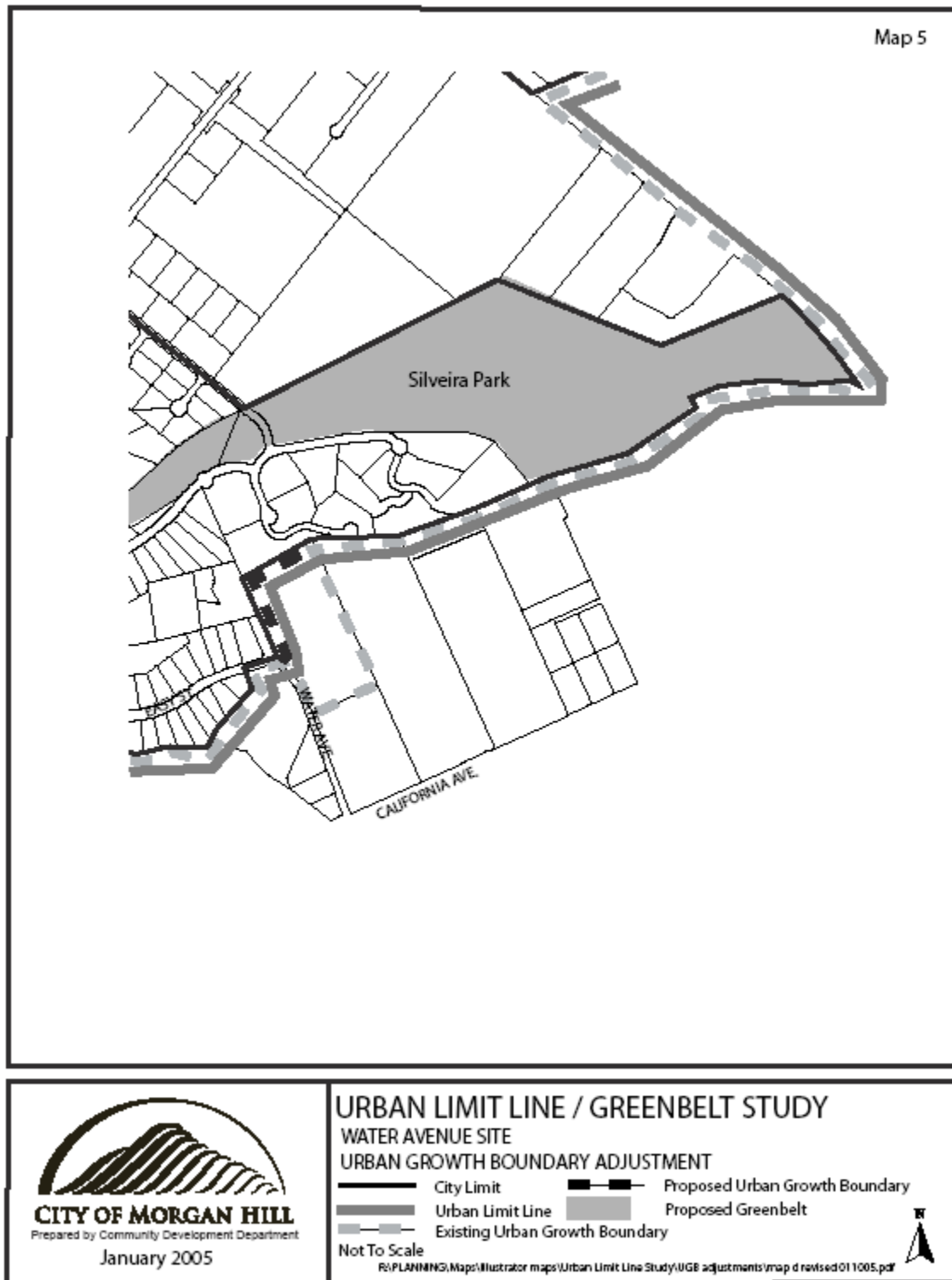
Map 3---Boy's Ranch



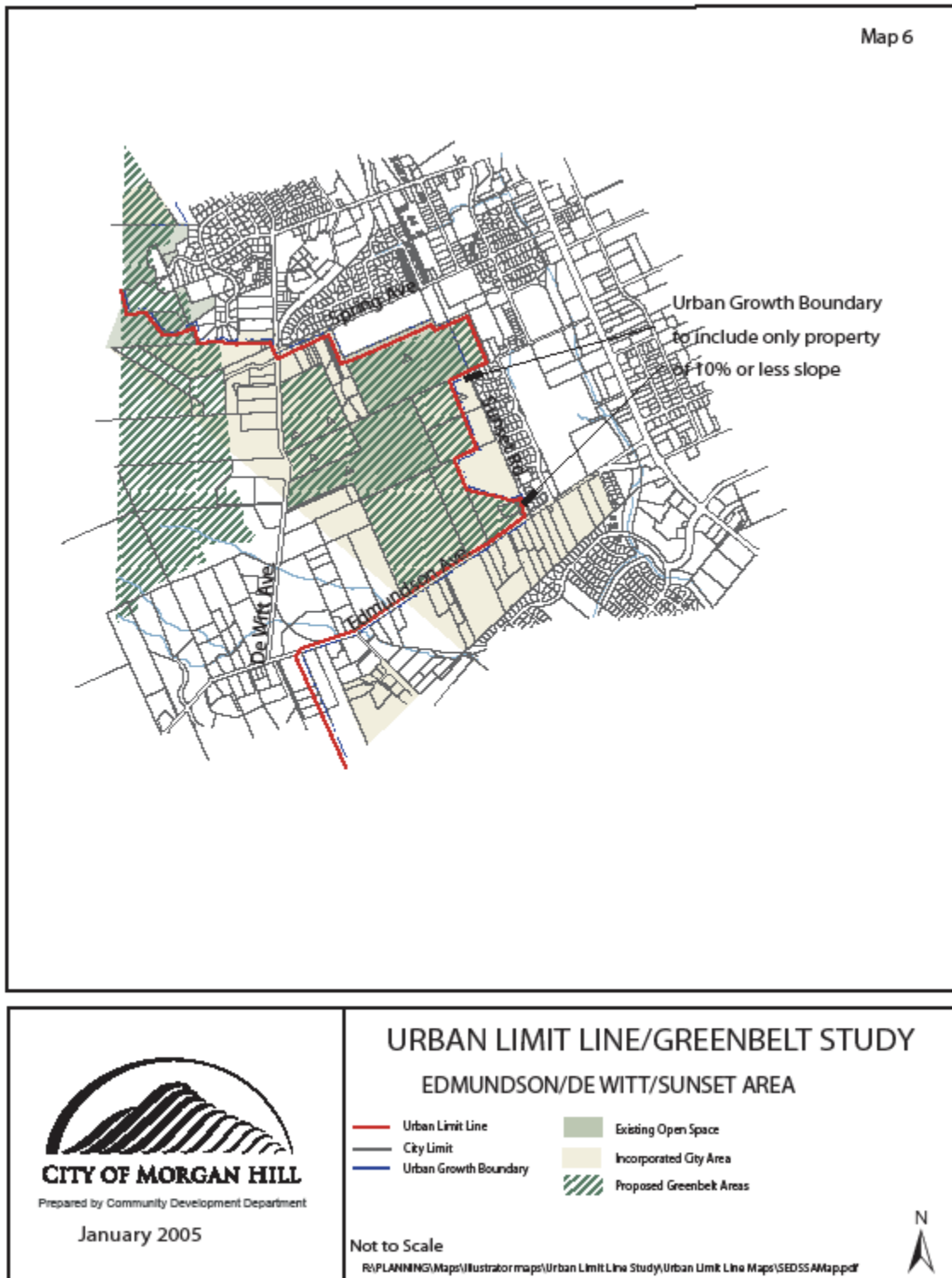
Map 4—El Toro



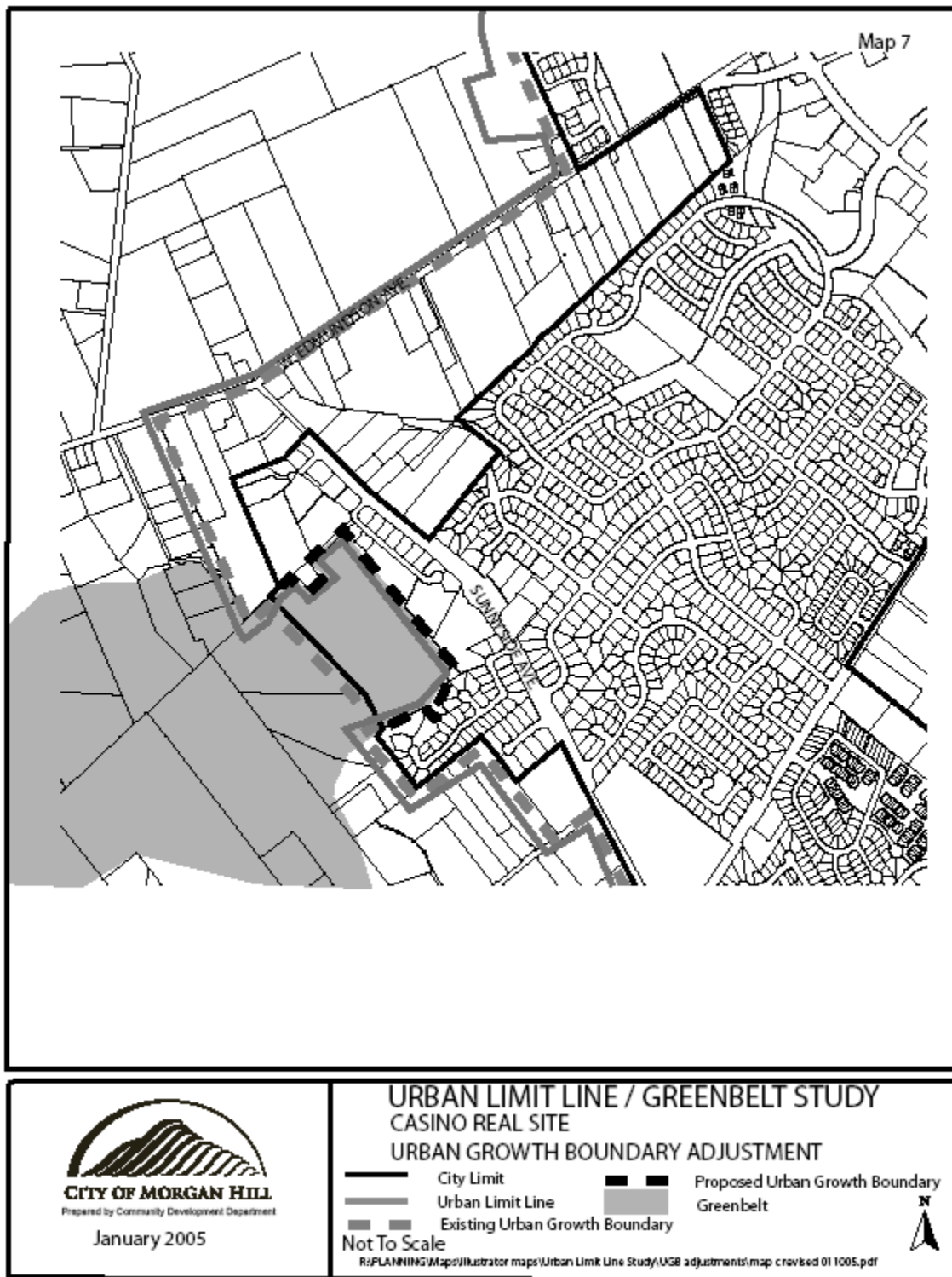
Map 5—Water Avenue Site



Map 6---Edmundson/DeWitt/Spring/Sunset area map



Map 7---Casino Real Map



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SOUTHEAST QUADRANT AREA RECOMMENDATION

The Southeast Quadrant is the area bounded by San Pedro Avenue on the north, Highway 101 on the west, Maple Avenue on the south and Carey Road on the east (see Map 8). Of all the areas considered by the Advisory Committee, this area is the only one that is relatively flat, under-developed and with a major access point to Highway 101.

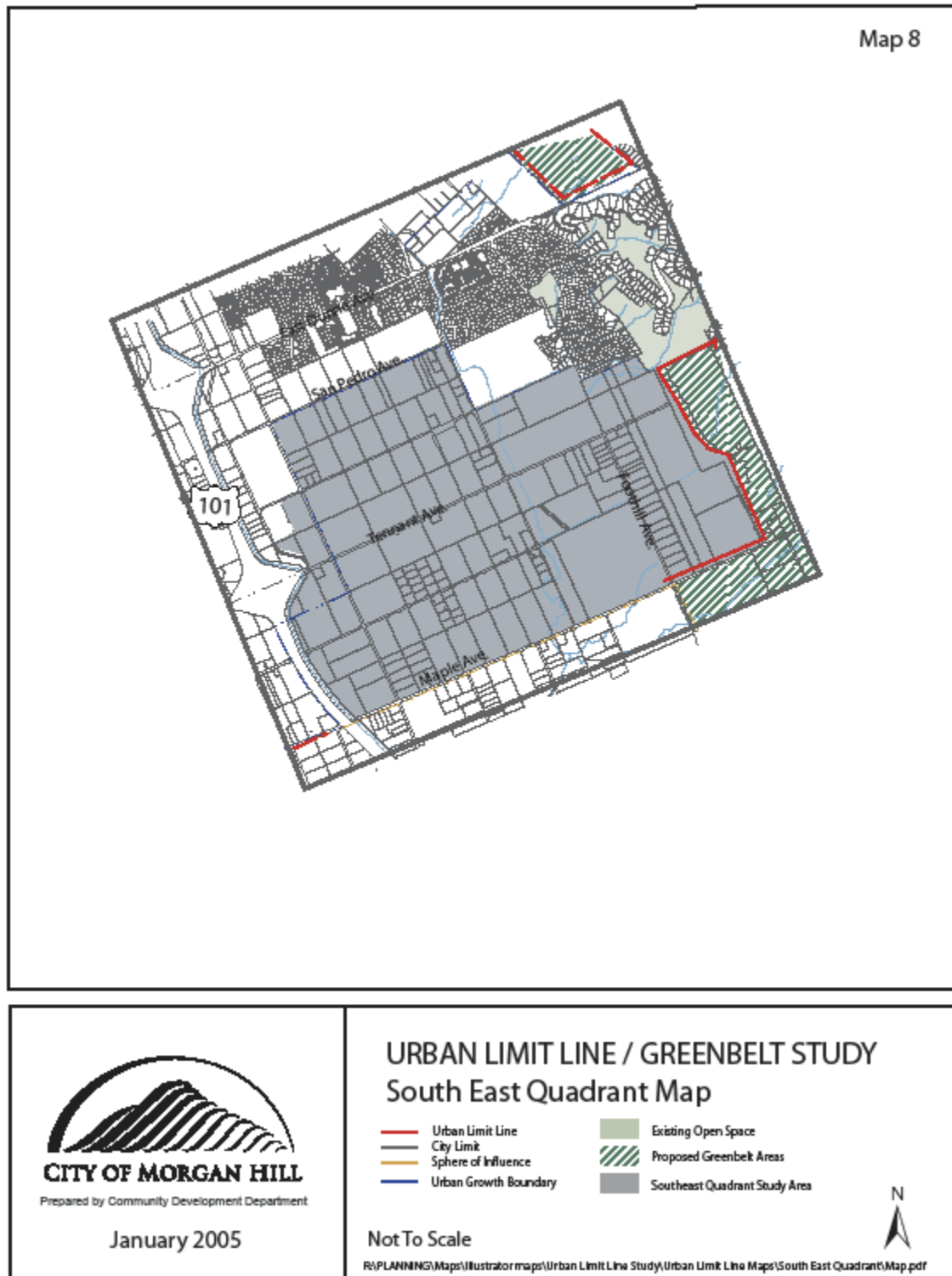
Historic subdivision approvals have divided most of the Southeast Quadrant into parcels of approximately ten acres in size. Some of these were subsequently divided into smaller residential parcels. Current County land use policies and regulations no longer allow creation of lots less than twenty acres in the Southeast Quadrant. Thus the Southeast Quadrant is a mix of residential sites, most of which are smaller than five acres, and ten-acre parcels some of which are used for agricultural activities and some of which are vacant. The value of a ten-acre site for a single-family use allowed by County development regulations is far higher than the value of the land for agricultural uses. The Committee heard testimony that agricultural activities are increasingly difficult to undertake and justify. Conversion of land in the Quadrant to large lot (10-acre) residential uses is very likely to occur if the expectation for future urban uses is viewed as too uncertain.

The Mayor appointed a five-person subcommittee to develop recommendations for the Southeast Quadrant. The Subcommittee and Advisory Committee concluded that the best way to address the future of the Southeast Quadrant is through creation of a detailed land use plan that would result in a variety of Greenbelt features. These features would include broad landscaped road setbacks, trails, and acquisition of land to be used for community wide activities including parks. The Subcommittee's final report, which was approved by the Advisory Committee, is reprinted below.

A group of Southeast Quadrant property owners prepared for the Advisory Committee a list of concerns regarding land use planning and regulation in the Quadrant. The list is included as an Appendix. Some of the concerns were incorporated into the Committee's recommendations and others were not agreed with.

The Advisory Committee identified, as an issue important for planning the Southeast Quadrant, the need for determining the developmental suitability of the City's current supply of vacant industrial land. There are serious questions regarding whether some of the future industrial land designated in the Morgan Hill General Plan has the right combination of parcel size, location and access to public facilities to become effective industrial land. Thus the Committee's first recommended action is to conduct an inventory and analysis of the City's vacant or underdeveloped industrial land.

Map 8---Southeast Quadrant



Following is the Southeast Quadrant Sub-committee's report as approved by the Advisory Committee.

Introduction

A Sub-Committee of the Urban Limit Line Committee was formed by the Advisory Committee to develop a framework for future planning of the Southeast Quadrant of the City's Sphere of Influence. This area, which totals approximately 1,250 acres, is generally bounded by San Pedro Avenue on the north, Highway 101 on the west, Carey Road on the east and Maple Avenue on the south, is depicted on the attached map. The Sub-Committee met five times over a three-month period to evaluate alternative approaches to planning for the area. In addition, they considered a variety of means of implementing a plan for the area and the economic viability of several alternative plans.

An October 11, 2004 recommended Planning Framework for the Southeast Quadrant prepared by the Sub-committee was submitted to the Advisory Committee. In response to actions at the November 8 Advisory Committee meeting, the Sub-committee met on November 22 to consider and incorporate modifications to their initial recommendations. This report includes the Sub-committee's recommended modifications.

The Sub-committee concluded that there is an urgent need for the City, in cooperation with property owners and Santa Clara County, to address longer-term land use planning for the Quadrant. The Sub-committee's vision is that the Quadrant can, with appropriate planning, be an area that provides urban land uses while also enhancing its rural ambience. Without an aggressive land use planning effort, scattered ten +/- acre parcels will, over the next one or two decades, be developed as residential properties that will serve little if any open space or agricultural functions while creating obstacles for more effective uses of land for urban development patterns.

The Sub-Committee selected an alternative referred to as an "Enhanced Rural Landscape" plan. Under this scenario, the City's greenbelt objectives would be achieved through the area's inclusion within the City's Urban Limit Line and future inclusion in the City's Urban Growth Boundary, Urban Service Area, and annexation and planned development. It is anticipated that the Urban Limit Line will be extended along Maple Avenue from Carey Road west to Highway 101. The location of the ULL in the Southeast Quadrant will be established as part of the Area Plan. The Area Plan will be for the 1250-acre area shown on the attached map. Planning Framework Implementation Steps Phase 2B, Prepare an Area Plan, in the Appendix identifies the level of detail that must be addressed in the Area Plan. The Area Plan is anticipated to address land use planning and implementation issues in more detail than usually found in a General Plan. The

General Plan will be amended to incorporate the results of the Area Plan. The Area Plan would be followed by a series of specific plans that will provide a detailed framework for future use of land and provision of public infrastructure and amenities. The specific plans will also allow for phased development of this area, based on market demand and other factors. The details of the scope and timing of specific plans will need to be addressed in the Area Plan.

The greenbelt objectives would be implemented through the use of broad visual corridors and other features described below rather than through a traditional distinct land area that serves to separate developed areas. A benefit of this approach is that it offers the potential to be more visually appealing and beneficial to Morgan Hill's residents and visitors and more likely to be implemented and sustained than the alternative of a relatively narrow band of greenbelt land north of Maple Avenue. The development opportunities created in the Southeast Quadrant would be sufficient, in part, to fund open space acquisitions within the area consistent with the City's Greenbelt objectives.

THE ENHANCED RURAL LANDSCAPE PLAN

Description

The Enhanced Rural Landscape Plan would focus on maintaining and enhancing the existing open space appearance of the entire Southeast Quadrant through a planned development community that includes visually sensitive and pleasing development (including commercial, industrial, and residential uses) with broad visual corridors adjacent to roads and the freeway, parks, ample hiking and bicycle trails, wide stream corridors, and other open landscaped areas integrated with the urban development. In addition to specified open space areas, view corridors and other amenities are likely to be incorporated into the urban areas. The possibility of retaining an agricultural use will be assessed in the development of the Area Plan.

Scenic corridors would be created along roads including Maple (one side from 101 to Foothill), Fisher (both sides from 101 to Foothill), Tennant (both sides from Murphy to Foothill), Barrett (both sides from Murphy to Hill), Foothill (one-half side outside of the areas with smaller, i.e. two to five acre parcels), Hill (both sides from Barrett to Maple) and Murphy (both sides from Barrett to Maple). Existing residential sites along these roads would not be required to be part of the scenic corridor.

The actual development pattern would be specified in an Area Plan developed by the City in cooperation with Santa Clara County, landowners, and other interested parties. Following Area Plan adoption, a series of Specific Plans would be prepared for the entire area by landowners and/or developers as a prelude to expansion of the Urban Service Area and annexation. Annexation could occur in phases. While the planning and development process will be formal, it will be

important for the area to have an organic “unstructured” look consistent with and transitioning into the surrounding rural landscape.

The approximate land use allocation for the Southeast Quadrant under the Enhanced Rural Landscape plan would include the following uses that are subsequently described in more detail:

- Industrial/Business Park: 200 +/- acres
- Commercial: 45 +/- acres
- Large Lot Residential (existing): 130 acres
- Parks, trails, creek corridors and scenic setbacks: 375 to 500 +/- acres
- Varying residential densities: 375 to 500 +/- acres

It is anticipated that schools, churches and other institutional and civic uses will be accommodated within these general land use allocations.

Open Areas

Approximately 375 to 500 acres of open areas created would be dispersed throughout the area to maximize its visual effect. The “vision” is to intersperse this open land taking advantage of and enhancing natural features including view corridors, existing roadways and creek corridors. An extensive system of walking and bicycle trails would be provided for recreational use and to provide access to jobs, business and other activity centers. Large-scale natural open areas would be provided for public or agricultural use. As directed by the General Plan, a neighborhood park and school will be provided to serve future residents of the area. Parks, schools and other public areas would be secured by acquisition in fee and acquisition or dedication of conservation or scenic easements for scenic corridors, view corridors and possibly other areas identified in the Area Plan and Specific Plan processes.

Business Park

The approximately 200 acre business park/industrial area would be located near the Tennant and Murphy Avenue intersections east of the Tennant Avenue and Highway 101 intersection. This land use responds to the City’s General Plan that identifies evaluation of future industrial uses in this area and initial Advisory Committee conclusions regarding the location and size of future industrial uses. To be consistent with the Enhanced Rural Landscape theme, and especially the substantial visual corridors along roadways, this development may need to be “campus style” similar to research and development facilities located along Page Mill Road in Palo Alto or in a clustered form integrated with commercial, residential and/or open space areas. The nature and precise location and size of the industrial uses will be identified in the Area Plan process.

Commercial Area

The approximately 45 acre commercial area located near the Tennant Avenue/Highway 101 interchange is viewed as an opportunity for community-serving and regional commercial uses specified in the City's General Plan. Such commercial uses provide shopping opportunities for local residents as well as an opportunity to attract shoppers from nearby communities. To be consistent with the Enhanced Rural Landscape theme, this commercial development would need to be in a "village" format; large format retail requiring massive highway signage, direct and exaggerated exposure to freeway traffic, and large parking fields would generally not be consistent with this theme. A neighborhood commercial facility may be warranted based on the location and density of residential uses identified in the Area Plan process.

Residential Development

Existing residential units

Existing residential units in the Southeast Quadrant on parcels less than 5 acres in size, currently occupying approximately 130 acres, would be incorporated into the land use plan that is ultimately developed in the area. Generally, these existing residential uses would remain. In some instances landowners may choose to incorporate property into a larger development, in which case existing residences would be removed.

New Residential development

New residential development would occur on approximately 375 acres in the area. Up to 2,000 homes may be provided within this area including a variety of housing types and densities. Lower residential densities are proposed near the rural community of San Martin and the greenbelt planned for the area east of Carey Road in order to provide appropriate transitions from more dense development to the north and west. Affordable housing will be provided within the area, consistent with current City policy for residential development.

Preparation of the Area Plan will include analysis of the feasibility of implementing the Plan including the impact of the extended time horizon for development of residential uses due to the provisions of Measure C.

ECONOMIC FEASIBILITY

Under the Enhanced Rural Landscape scenario, land costs for the proposed open corridors along major roads may be lower or avoided altogether if this greenbelt objective can be achieved through scenic easements, setbacks, and other design-oriented techniques that can be established as a part of specific development approvals. This approach could also reduce or avoid a significant public

acquisition effort and related funding and implementation techniques (impact fees, transfer of development, etc.). However, other roadway landscaping, design features, recreation facilities, and other amenities will require some external funding source. Consideration should be given to financing acquisition of some open space from Citywide funding sources such as impact fees on new development, a property tax and/or use of general obligation bonds.

Preparation of the Area Plan should include detailed economic analysis including assessment of the economic impacts of various City requirements. The burden of future City open space development requirements should be at a level where it is financially viable to develop land. Whenever a specific property is designated for open space, a realistic and economically viable funding mechanism needs to be identified.

Preliminary economic analysis suggests that there would be sufficient land value created over time by the urban components of the land plan to fund, in one manner or another (dedications, area impact fees, etc.), the open space set aside and associated improvements proposed by the plan. It is, however, recommended that public improvements that benefit the entire community be funded by citywide revenue sources and not be the sole responsibility of the Southeast Quadrant.

IMPLEMENTATION

The Enhanced Rural Landscape plan would require development of an Area Plan for the Southeast Quadrant. This Plan would be developed in cooperation with Santa Clara County, landowners, and other interested parties. Such a plan would establish land use policies for the area, consistent with the City's General Plan. This Area Plan would be followed by amendments to the City's Urban Growth Boundary, Urban Service Area amendment processed through the Santa Clara Local Agency Formation Commission (LAFCO), and annexation.

The Morgan Hill General Plan's stated policy is that the Urban Growth Boundary can only be amended in conjunction with a major General Plan update or the current Urban Limit Line process. The Area Plan is regarded as the conclusion of the ULL process and thus the UGB can be amended as part of the approval of the Area Plan.

Development of specific plans by landowners and/or developers prior to the annexation process will assure that development throughout the area is consistently well planned and achieves the desired open space objectives. The scope and timing of specific plans, as well as policies and regulations for the use of land prior to annexation, will need to be addressed in the Area Plan. The Specific Plans, in addition to delineating development envelopes, uses, and densities, would contain detailed development standards and design guidelines and also refine the open space areas identified in the Area Plan. The Specific Plans would also include a public facilities and financing element that would

assure that the required infrastructure and public facilities are created in a timely manner as development proceeds.

Open space areas proposed would be created incrementally as a part of the development process. Certain open space and landscape improvements (e.g. extensive street right-of-way landscaping, retention of a larger open space area) could be funded by an impact fee or other funding source. Designation of specific properties for acquisition as open space needs include identification of a realistic and economically viable funding mechanism.

SUMMARY

- The Enhanced Rural Landscape Plan would focus on maintaining and enhancing the existing open space appearance of the Quadrant while integrating visually sensitive and pleasing commercial, industrial and residential uses with a variety of open areas.
- Future land uses would include:
 - Industrial/Business Park: 200+/- acres located near the Tennant Avenue and Murphy Avenue intersection;
 - Commercial: 45+/- acres located near the Tennant Avenue/Highway 101 interchange and possibly a neighborhood commercial facility if warranted by the density of future residential uses;
 - Large Lot Residential: retention of existing large lot residential uses on about 130 acres;
 - Varying Residential Densities: 375 to 500 +/- acres with a variety of housing types with up to 2000 new dwelling units; and
 - Open Areas: 375 to 500 +/- acres including broad visual corridors adjacent to roads and the freeway, parks, hiking and bicycle trails, wide stream corridors, and other open landscaped areas including possibly retention of an agricultural use.
- The actual development pattern and a strategy for acquisition of the open areas would be specified in an Area Plan developed by the City in cooperation with landowners, Santa Clara County and other interested parties.
- The Area Plan's range of land use planning and implementation detail is identified in the Appendix, Phase 2B, Prepare an Area Plan.
- Implementation of the Sub-committee's recommendations including the following:
 - conducting an inventory and analysis of the City's vacant or underdeveloped industrial land;
 - preparing an Area Plan strategy and work program; and

- preparing the Area Plan and implementing the Plan.

The industrial land study should be undertaken as soon as possible. Preparation of the Area Plan strategy and work program would follow completion and review of the industrial land study. Preparation of the Area Plan would be based on both the study content, process and cost estimates identified in the Area Plan strategy and work program. Implementation would include preparation of Specific Plans for the Quadrant. Details on these tasks are in the following Implementation section.

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IMPLEMENTATION

Implementation of the Urban Limit Line Study will necessitate amendments to the City's General Plan and Urban Growth Boundary; development of a Greenbelt implementation program; working with Santa Clara County on modification of development review policies and procedures; and a series of tasks focused on the Southeast Quadrant, the area south of San Pedro Avenue and east of Highway 101.

GENERAL PLAN AMENDMENTS

Specific amendments to the Morgan Hill General Plan will be prepared as the Committee's recommendations move toward review by the City Planning Commission and City Council. Areas where the General Plan will need to be amended include:

- Modifying the Greenbelt section (Open Space and Conservation Chapter, page 85-86) to add a new Greenbelt and Urban Limit Line section including text, policies and actions related to the Greenbelt and Urban Limit Line.
- Modifying Community Development Goal 3 Policies including Policy 3b to reflect Greenbelt actions in the southwest area and adding a new Policy 3d regarding the ULL and Greenbelt.
- Modifying the Agricultural section to address the infeasibility of, in the longer term, agricultural activities in the area south of San Pedro Avenue and east of Highway 101.
- Adding a policy regarding a future approximately 200-acre industrial park near the intersection of Tennant and Murphy Avenues.
- Modifying other General Plan references to Greenbelt issues.
- Adding specific policies regarding:
 - Development of the Vista de Lomas area with parcels of approximately 2.5 acres when the area qualifies for annexation to the City;
 - Development on the Kruse Ranch Lane property;
 - Development in the Edmundson/DeWitt/Sunset area; and
 - The intent of the location of the Urban Limit Line and Urban Growth Boundary in relation to the Greenbelt on El Toro, the area north of Malaguerra Avenue and the site on Water Avenue near Silveria Park.

URBAN GROWTH BOUNDARY AMENDMENTS

The Committee recommends five adjustments to the Urban Growth Boundary (UGB). As previously described:

- Boy's Ranch Area: the UGB should be amended to exclude the area north of Malaguerra Avenue (see Map 3).
- El Toro: The UGB should be adjusted to be coterminous with the Urban Services Area (see Map 4).
- Edmundson/DeWitt/Sunset Area: West of Sunset Road, amend the Urban Growth Boundary to include a maximum of 20 acres. All of the 20 acres must consist of land with a slope of 10 percent or less (see Map 6).
- Water Avenue Site: A parcel on Water Avenue is the only parcel that is inside the UGB and slopes steeply away from potential City utilities. It would be difficult to service with City sanitary sewer service. The site and adjacent area are recommended to be outside the Urban Limit Line. The Advisory Committee recommends that the UGB be amended to exclude the site (see Map 5).
- Open Space parcel west of Casino Real: A major portion of an approximately 20-acre parcel was placed under an open space easement as the result of adjacent residential development in the City. The site is recommended to be part of the Greenbelt and removed from the UGB. The site will remain in the Urban Service Area (USA) as an historic anomaly rather than process a USA amendment with the Santa Clara County Local Agency Formation Commission (see Map 7).

DEVELOPMENT OF A GREENBELT IMPLEMENTATION PROGRAM

Development of the Committee's Implementation Program included reviewing, over the course of a series of meetings, recommendations from the study consultants, Moore Iacofano Goltsman, Economic & Planning Systems and Robert Odland, and information obtained through a staff-initiated survey of land preservation programs. The four programs evaluated included the Brentwood Agricultural Land Trust, City of Davis, City of San Luis Obispo and the Tri-Valley Conservancy.

The Committee recommendations are intended to set a general framework for a Greenbelt Program.

Preparation of a Greenbelt Implementation Program Staffing and Resources Program

Implementation of a Greenbelt Program will need clearly identified staff resources including a Program Manager and assistance with legal issues as well as administrative support. Initially, a one-half time position plus legal and administrative support would probably be adequate to establish the Program. Implementation could be carried out by City staff resources (City staff and/or contract resources) or through a contract with an agency familiar with a land acquisition and management effort.

The first Advisory Committee recommendation addresses identifying the specifics of the Implementation Program:

Approval of a Greenbelt Program should include an assignment to City staff to prepare an Implementation Staffing and Resources Program for subsequent review by the City Council. The assignment would include addressing possible new funding sources, staffing and contract resources and investigating the possibilities of contracting for services with another agency.

Major Recommendations Regarding Land Preservation and Funding

The Advisory Committee found that the Greenbelt land preservation program will need to employ a combination of approaches including acquisition in fee title, acquisition of conservation easements and regulation of new development.

The Committee's major recommendations include:

- The City should pursue a targeted program for acquisition of Greenbelt land in fee title or conservation easements.
- Land to be acquired should be of sufficient size to have a positive impact for the City.
- Land acquisition policies should recognize the importance of acquiring land that is especially likely to be developed.
- When land is to be acquired, easements should be pursued in lieu of fee title acquisition. Easements have lower costs, greater ongoing flexibility for the use of land, lower management costs and are oftentimes more acceptable to property owners.
- Acquiring land in fee title should be pursued when public access (e.g. hiking trails, picnic areas) is desired. One area where purchase of land in fee title may be desirable is El Toro.
- Regulation of new development should be an essential part of the Greenbelt land preservation program. Land regulation not only addresses visual impacts but can also result in the provision of open space land. Specific regulatory techniques have been identified to minimize the visual impacts of new hillside development. Regulatory objectives may well be compatible with broader County viewshed issues and County staff concerns with their development review process.
- There are no areas within the Morgan Hill Sphere of Influence that are part of the Open Space Authority's high priority acquisition areas. One area that should be reevaluated by the Authority for inclusion is El Toro as a southern extension of the Santa Teresa Ridge area (which is a high priority area).
- The land preservation program will need to use a variety of funding sources.
 - The City has two primary open space funding sources. The payment of in lieu fees for Transfer of Development Credits (TDCs) has annually yielded between \$205,000 and \$243,000 in

the past three years. The current fund balance is \$698,000. The Open Space Authority annually provides for City use an amount equal to 20% of the Authority's property tax collected in Morgan Hill. Recent annual funding has exceeded \$20,000. If the Authority prevails in a challenge to an amended parcel tax, the City's annual funding would be about three times the current amount. Currently, about \$136,000 is available for uses involving acquisition of land consistent with Open Space Authority guidelines.

- In 2002, the City decided to not adopt an open space impact fee for new development. That decision was based primarily on the amount of funding being generated by the TDC in lieu fees. At the conclusion of the Urban Limit Line/Greenbelt Study, the issue of having an Open Space fee should be revisited.
- General Obligation bonds, which need voter approval, are a potential funding source that should be considered.
- Grants for State, Federal and private sources should be pursued but are not considered to be a feasible primary funding mechanism. These funding sources are highly competitive. Sites with very special qualities tend to have an advantage in the funding competition.

Major Conclusions Regarding Land Acquisition Principles, Policies and Priorities

The issue of acquiring land in fee title or limiting development by acquiring open space easement has sensitive public perception aspects as well as potentially major financial impacts. The Advisory Committee developed the following land acquisition principles, policies and priorities to guide the implementation effort. As implementation proceeds, principles, policies and priorities will need to be reviewed and adjusted to reflect both accomplishments and lessons learned by staff and the Council.

Land Acquisition Principles

- Principle 1: Viewshed Protection

The City should protect views of hillsides, ridgelines and prominent natural features surrounding the City of Morgan Hill. These features help define the City's historic rural character, sense of place, image and identity.

- Principle 2: Aquatic Resources Protection

The City should protect riparian corridors and the upper reaches of streams and creeks in an effort to improve water quality and reduce potential erosion downstream.

- Principle 3: Sensitive Habitats Protection and Conservation

The City should protect sensitive species by seeking opportunities for habitat protection, conservation and connection of important habitat areas in the Morgan Hill Greenbelt.

- Principle 4: Acquisition of Recreational Resources

The City should acquire land areas or parcels with recreational potential for citizens of Morgan Hill including activities such as hiking and biking trails and picnicking.

- Principle 5: Historic and Cultural Resource Protection

The City should acquire and/or protect parcels with significant historic and/or cultural value to ensure their long-term preservation, protection and accessibility for future generations of Morgan Hill residents.

Land Acquisition Policies

- Policy 1: Acquisition of Undeveloped Parcels

The City should seek, as a first priority, to acquire undeveloped parcels.

- Policy 2: Willing Seller

The City should only acquire properties for the Greenbelt Program on a willing seller basis. No use of eminent domain will be allowed.

- Policy 3: Appraised Market Value

The City will offer property owners fair market value for fee title or easements using industry standard appraisal techniques.

- Policy 4: Sufficiency of Parcel Size

The City should only acquire parcels of sufficient size and location to make a positive impact for the City as determined by the acquisition principles defined above.

- Policy 5: Parcels in the Path of Development

The City should place a high priority on acquisition of parcels that lie within the direct “path of development.”

- Policy 6: Preference for Easements

The City should attempt to acquire easements on priority properties so as to maintain some appropriate development potential, maximize the use of available funds for greenbelt and open space protection, and minimize land management and maintenance costs.

- Policy 7: Acquisition of Land in Fee Title

The City should acquire land in fee title when the City's objectives include allowing public access to the site for recreational or related activities.

- Policy 8: Acquisition of Most Threatened High Value Parcels

Properties that are most threatened with development and possessing a significant amount of public benefit value as defined by the acquisition principles above should receive the highest priority for acquisition and/or establishment of easement.

Land Acquisition Priorities

The City, as part future implementation of the Greenbelt Program, will need to have acquisition priorities to focus its efforts and respond to individuals that may offer to sell easements or land in fee title.

The Advisory Committee concluded that a key issue is the visual impacts of new development in Greenbelt areas that are highly visible from the valley floor and major transportation corridors. The following rankings are based primarily on visual impacts with some consideration of environmental conditions. Over time, the initial priorities will need to be reviewed and may be adjusted. The rankings are:

- 1---very high priority---the focus for acquisition activity;
- 2---medium priority---some potential acquisitions; and
- 3---low/very low priority---little to no likelihood of land acquisitions.

The recommended area rankings are:

- East side of El Toro: Ranking 1

The east side of El Toro has been the highest City priority for protection of open space lands. Portions of the area are under public ownership or have conservation easements. Remaining sites are important for visual prominence, a unified open space appearance and potential future recreation.

- Edmundson/DeWitt/Sunset Area: Ranking 1

Part of the site has been protected through City ownership and open space easements. The Committee's recommendations regarding private development potential for this area, if adopted and implemented, will resolve the area's critical land preservation issues.

- East side of the valley north of Dunne Avenue: Ranking 1

Potential visual impacts from the valley floor for development on undeveloped sites and sites with additional development potential makes

this a high priority. The area has substantial earthquake-related hazards and parts of the area have habitat used by several endangered or threatened species and communities.

- West side of El Toro: Ranking 2

The west side of El Toro has very limited visual importance for most of Morgan Hill. Public acquisition of land (fee title and easements) on the west side could be incorporated into a larger community park featuring trails and passive recreation activities. Area has no identified endangered or threatened species other than a small area with the Most Beautiful Jewel flower.

- South of Edmundson: Ranking 2

Most of the parcels in this area are developed with residential structures. The area is not visually prominent from most of the valley floor. No endangered or threatened species or communities have been identified.

- West Paradise Valley: Ranking 3

The greenbelt area is visually prominent from the west flank of El Toro and Oak Glenn Avenue (which is not a major street) but not from valley floor. A majority of parcels have residential structures located at lowest elevations. Very steep slopes would make further development extremely difficult and thus future development will very likely be at the lowest elevations. Very limited connection to any endangered or threatened species/communities.

- Baird Ranch: Ranking 3

Most of the site is not visible from the City. Some higher portions have limited visual relationship to the City. With County Ranchlands General Plan and zoning designations, division of the site into residential building sites would be difficult. Site contains environmentally sensitive land (primarily habitat for Bay Checkerspot Butterfly and Opler's Longhorn Moth) but that by itself does not warrant Morgan Hill spending resources on easement acquisition.

- North (Boy's Ranch area): Ranking 3

Public ownership minimizes need to acquire land/easements. If Santa Clara County considered selling the Boy's Ranch, priority should be reevaluated.

- East side of the valley south of Dunne Avenue: Ranking 3

Potential visual impacts are primarily in the one unincorporated area with subdivision potential. There are substantial areas subject to potential landslides. The visual impact and earthquake hazard issues are assumed to be addressed through clustered location of development, if a subdivision is processed and approved in the County.

- Southeast Quadrant: Ranking to be determined in Area Plan process
There is no need or basis to acquire land before the Area Plan is completed. Eventually it is likely that this will be a High Priority area.

SANTA CLARA COUNTY DEVELOPMENT REVIEW PROCESS

Nearly all the land identified as part of the Greenbelt as well as other hillside and flat lands are and will continue to be unincorporated and thus regulated by Santa Clara County development policies and regulations. The Advisory Committee approved the following principle regarding development in unincorporated Santa Clara County:

- The City should actively work with the County to find mechanisms that would provide the City with greater control over development in the unincorporated areas of the Sphere of Influence.

The Advisory Committee recommends that the City work with Santa Clara County to achieve the following Goal, Policy and Development Regulations.

- Goal

Minimize the visual impact on Morgan Hill's valley floor and major transportation corridors of development in hillside greenbelt areas and on Finley Ridge.

- Policy

The basic Santa Clara County development review processes should be evaluated and updated and strengthened to achieve greater control over the visibility, from the valley floor and major transportation corridors, of structures in the Morgan Hill Hillside greenbelt areas. This updated review process should result in a minimal review process for structures that are not visible from the valley floor and major transportation corridors and an extensive review process for structures that are visible.

- Key Development Regulations

The updated County Building Site and Design process should provide strengthened review of structures in greenbelt areas that are visible from the valley floor and major transportation corridors.

- Applicability: Apply to all development in hillside greenbelts unless exempted.
- Building Height Limit: 30 feet
- Color: Light Reflectivity Value (LRV) of 60 or less.
- Rebuilding: Allow rebuilding if structures destroyed by an act of nature; replacement of voluntarily demolished structures subject to new regulations.
- Placement of Structures:
 - Minimize the visual impact of structures from the valley floor and major transportation corridors;
 - Structures shall not project above the perceived ridgeline unless granted an exception; and
 - Establish future structure locations as part of any new subdivision approvals.
- Landscaping: Review landscaping plans
- Lighting: address location and direction of light during review process; no regulation of light levels.
- Grading: minimize grading while balancing the need for grading to achieve other environmental objectives.
- New Subdivisions: address visual issues during subdivision application review.
- Use of Transfer of Development Credits: pursue use of TDCs to acquire easements over highly visible sites.

SOUTHEAST QUADRANT RECOMMENDED PLANNING FRAMEWORK IMPLEMENTATION STEPS

Phase 1: Industrial Land Analysis

Conduct an inventory and analysis of planned and either vacant or underdeveloped industrial land within the City's existing growth boundaries. Conduct the study on a parcel basis with an analysis of land suitability based on parcel size, access, compatibility with existing uses, and other potential constraints. The Study should also analyze current and future development and use trends for industrial buildings. If the market is shifting away from traditional manufacturing activities, new industrial buildings may have more office and research space with resulting changes in employment densities. Project land needs for 5 to 10 years and identify needs for increases to the industrial land supply. Recommend alternative use for parcels not suitable for conventional industrial uses.

Schedule: Should be undertaken immediately.

Phase 2A: Area Plan Strategy and Work Program

Develop a strategy for undertaking the Area Plan for the Southeast Quadrant and associated work program. The Area Plan is intended to provide guidance for landowners, potential developers, and City/County officials while allowing flexibility over the next 5-20 years to respond to market conditions, development trends, and public needs. Prior to starting the Area Plan, the planning process, Plan content and economic assumptions should be clarified and a detailed work program prepared.

Issues to be addressed prior to preparing the work program include:

- Review the vision for the Southeast Quadrant adopted by the Morgan Hill City Council.
- Clarify market conditions and assumptions for different land uses including evaluation of the possibility that a market will not exist for all types of development at the same time.
- Clarify assumptions regarding mitigation for the conversion of prime agricultural lands to urban uses.
- Clarify assumptions regarding the involvement of Santa Clara County staff and officials.
- Develop guidelines for the amount of detail assumed to be in the Area Plan.
- Develop a Public Involvement Plan
- Develop a timetable for development of an Area Plan.

Phase 2B: Prepare an Area Plan

The following issues, which are not in any order of priority and are not all-inclusive, should be considered in the development of the scope of work and preparation of the Area Plan:

- Extensive public involvement including participation by owners of land in the Southeast Quadrant.
- Appropriate levels of detail given that development will probably not proceed immediately;
- Design principles for the area to promote a “rural feel” for all types of development;
- Refinement of types and locations of land uses;
- Development types, including mixed-use (especially village-style retail, residential, and live/work);

- A range of commercial and industrial spatial opportunities, including the potential for integrating business park uses into a mixed-use configuration;
- A refinement of the “feathering” concept;
- Setback and other development controls;
- Locations for a school, one or more parks, and open space – ideally linked by trails;
- Location of pedestrian and bicycle trails and paths;
- An analysis of the impacts on wildlife;
- An analysis of impacts on the transportation system;
- The method of financing the necessary improvements and open space;
- A system to dedicate land for setbacks and other uses;
- Identification and evaluation of implementation options including but not limited to transfer of development credits among landowners to achieve open space and/or the use of development agreements;
- The impact of the loss of agricultural lands;
- Detailed economic analysis including assessing the economic impacts of various City development requirements and the impact of development time frames including Measure C;
- Clarification of compensation issues for land to be used for public purposes;
- Recommendations on the policies and regulations for use of land during the period prior to annexation of land to the City; and
- The scope and timing of specific plans and a timetable for phasing of General Plan amendments, annexations and possible interim development controls.

Schedule: Phase 2A should be undertaken after the City completes the Industrial land assessment (Phase 1). Phase 2B should commence after City approval of the results of Phase 2A.

Phase 3: Implementation

Implement the Area Plan through General Plan amendments, annexation(s), specific plans, and other appropriate tools.

Schedule: Initiate implementation as called for in the Area Plan.

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APPENDIX

PROPERTY OWNERS RECOMMENDATIONS FOR THE CITY OF MORGAN HILL PLAN FOR THE SOUTHEAST QUADRANT

BACKGROUND

The Morgan Hill City Council appointed a Committee to help create a “greenbelt” and Urban Limit Line around the City. A key purpose of the Urban Limit Line is to determine the City’s ultimate development zone. It is the City Council’s intention that all development within its jurisdiction must occur within the Urban Limit Line. Therefore, any property outside the Urban Limit Line will never be annexed to the City and will remain under the control of Santa Clara County.

The Committee felt that the so-called Southeast Quadrant (generally an area from the freeway to the base-of- the-hills and between San Pedro Avenue to Maple Ave.) deserved special attention. This area has about 1,250 acres. They felt that this area should be included within the Urban Limit Line and that it should include a large component of permanently protected open space.

A sub-committee of the larger Committee has recommend the following key features for the Southeast Quadrant:

- 350-500 acres of permanently protected open space that would either: a) be purchased in fee or as easements and b) be provided by the landowners in exchange for residential or industrial/commercial development elsewhere on their property. The open space could be in parks, trails, creek corridors or scenic setbacks. It could also be in permanently protected agriculture.
- 200 acres in industrial/business park located primarily near the Tennant Avenue freeway exit.
- 45 acres in commercial/shopping located primarily near the Tennant Avenue freeway exit.
- 2,000 new homes located on 375 acres.
- 120 acres of large lot residential that now exist in the area.

The location of the open space, business park, commercial and new homes would be determined in an Area Plan that the City would prepare within the next 1-3 years.

Detailed designs for a) the appearance of the residential or industrial/commercial development, b) the open space and c) all the public improvements (streets, landscaping, storm drains, sewer/water pipes, schools) would be done in a Specific Plan, that would be prepared after completion of the Area Plan and would be paid by the landowners.

PROPERTY OWNER RECOMMENDATIONS

There have been a series of informal meetings and discussions with some of the property owners in the Southeast Quadrant. They realize that for the Plan to work, it must have their support and cooperation. Generally, they have concluded that the Committee's current recommendation need to be modified if the Plan is to be successful. As of now, they are uncertain whether the potential of being annexed into the City, with some future rights to develop, outweighs the uncertainty created by many elements of the proposals.

Their primary concerns are:

- the long time horizons before any of the potential benefits can be realized,
- the added restrictions caused by being located within the Urban Limit Line, particularly when few near-term benefits are realized,
- the uncertainty of the open space compensation,
- the complex and prolonged process of planning for the area.

RECOMMENDED CHANGES

- 1. The Residential Control Development System (new Measure C) needs to be modified to provide for some earlier opportunity for housing in the SE Quadrant. Such a modification could link residential growth to open space preservation. A 100 units per year, in addition to those currently permitted by Measure C, could be reserved for the SE quad starting in 2010. Such a modification would need to be voted on by Morgan Hill residents. The modification should be prepared as part of the Area Plan.**

Reason: Measure C, recently passed by Morgan Hill residents, limits new homes to 250 per year. According to staff report (6/23/04), the City has now room for 7,100 new single family homes or apartments. Priority is given to housing nearest downtown. Therefore, under Measure C, there is about 28 to 30 years of housing growth permitted before the SE Quad could be considered. Without any change to this law, many SE Quad property owners will not realize any increase in value for another generation or two.

- 2. Support a greenbelt or open space acquisition fund that would be paid for by all of the people of Morgan Hill. Such an open space acquisition fund could be financed by either a property tax or a property transfer fee or a bond measure.**

Reason: The SE Quadrant can become a unique open space and recreational area for the whole City. Already it is the location of the Aquatic Center and revamped City recreational area replacing the soccer fields. It will help fulfill the Committee's "Open Space Vision". It will benefit the entire city. It should not be paid solely by the SE Quad property owners. If an increased property tax is

viewed as too unpopular, the City Council should consider implementing a City property transfer fee, which is paid when a property is sold. Property values in Morgan Hill have been increasing, in part because new buyers find Morgan Hill an attractive community. If additional open space and recreation helps make the community more attractive, then the added value of property reflected in a transfer fee provides an appropriate source for new open space compensation and acquisition.

- 3. Permit the industrial/business park and the commercial area to move ahead and be timed to market conditions. Allow Specific Plans for the industrial and commercial areas once the Area Plan is prepared. Establish a fee program that requires the new industrial and commercial projects to help pay for the open space acquisition program.**

Reason: The City needs a new source of funds to finance the open space preservation program in the SE Quad. Property owners, whose land is designated for open space in the Area Plan, need assurance how and when they will be compensated. The industrial/commercial development should move forward as quickly as possible to help create this fund.

- 4. Increase the size of the industrial/business park or the commercial areas and/or reduce the open space areas to ensure that their open space fee burden is near or at 10% of the urban development value.**

Reason: The report from Walter Keiser, the economist to the Committee, indicated that the new open space fees from the new commercial, industrial/business park, and residential may be too high. The economist's report indicated that, for development fees to be feasible, the total value of the open space should not exceed 10% of the value of the urbanized area. It appears that the Sub-committee did not follow the economist's formula in selecting its final recommendations. They added more open space without adding an offsetting amount of development area. If the fees are too high, they could reduce the commercial/industrial/residential development viability and thereby reduce the viability of the open space acquisition program. The Area Plan needs to address this matter by either increasing the amount of development area or reducing the open space area.

- 5. The Area Plan needs a detailed program for the acquisition and funding of open space. The property owners, in order to embrace the plan, need to know both a) how much they must pay into the open space fund or b) how much they might be paid by the fund. They will also need to know how they will be either compensated or credited if they provide major open space setbacks.**

Reason: The current recommendations seem to postpone detailed planning of the open space acquisition program until the adoption of a Specific Plan. It is possible that the Specific Plan will not start for another 3-5 years. Property

owners with “open space” designations will face uncertainty regarding the value of their property during this time period. That uncertainty can cause many problems.

- 6. Specific Plans should be phased rather than done at one time. With the residential component postponed for many years, it is neither possible nor practical to try to design housing areas or study their environmental impacts. Moreover, property owners will be unwilling to pay for an expensive plan that will not benefit them for 30 years.**

Reason: Specific Plans are prepared usually when development is eminent (3-5 years). Specific Plans have a myriad of detailed engineering and design details. They provide detailed improvements plans and budgets. It is impractical to provide such details as home design (setbacks, color, size, and location of porches or garages) for homes that will not be constructed for 25-30 years. Similarly, it is premature to provide a design or budget for sewer pipes, water supply, or schools that will not be needed for 30 years.

California law permits the Specific Plan EIR to serve as the environmental document for subsequent projects located in the Specific Plan area. However, the Specific Plan EIR will be of little value if it is 10 to 30 years old.

- 7. The City and County need to resolve planning jurisdiction while a) the Area Plan or Specific Plans are underway and b) during the long period of time prior to annexation of properties in the SE Quad.**

Reason: Properties in this area will be placed in a form of regulatory limbo once the Urban Limit Line is adopted for this area. Any property owners wanting to make a minor improvement on their land will need clarity as to whether the City or the County is the dominant regulatory authority. This matter will be particularly important given the long time horizon of the residential component.